



# RENTAL ASSISTANCE DEMONSTRATION

NEWSLETTER: April 2015 | Issue 8

U.S. Department of Housing and Urban Development

Secretary Julián Castro

*"The affordable housing crisis is growing. RAD is part of the solution."*

Secretary Julián Castro



## HUD Revamps Resource Desk Interface for 1st Component Transactions

In order to better allow for the exchange of transaction documents and communications, the Department has revamped the RAD Resource Desk for 1st component awardees. In addition to being able to load all of their Financing Plan documents, PHAs will interact with their Transaction Managers and the PIH field office staff from within the web portal. Correspondence between the PHA and Transaction Managers will be tracked with the Resource Desk so that all parties will be up-to-date with the status of all necessary approvals and documentation. PHAs will be able to see the most current "Readiness Checklist" as they work to develop their Financing Plan, as well as know when various interim approvals and submissions have been obtained. These features will give PHAs and HUD management the ability to know the precise conversion status of each project, with the goal of expediting processing. Additionally, HUD has added a new "landing page" for local Public Housing Field Offices to record the status of various approvals, e.g., the Annual Plan Amendment or Certification of Non-Dwelling Facilities. For more information on these changes, click [here](#).

## PIC Removal FAQs Posted

Within 30 days of a CHAP award, PHAs are required to enter a RAD removal application within PIC. In response to inquiries by PHAs and their partners, HUD recently posted FAQs on the PIC removal process. These answers can be found on the RAD Resource Desk by clicking [here](#) and selecting "PIC Removal" under Search by Category.

## Updated Listing of Active and Closed CHAPs

The Department now updates information on all active and closed CHAPs on the RAD website monthly. A copy of the active and closed project listing for month-ending April 2015 can be found [here](#). This list will be updated early each month.

## Issuance of Revised Notice

Please be on the look-out shortly for a RADblast announcing the release of the revised RAD Notice. The upcoming announcement will also include the dates for webinars and other informational events surrounding the revised Notice. In order to make Kick-Off Calls for 1st Component Awardees as productive as possible, Kick-Off calls have been postponed until publication of the revised Notice.

The **Rental Assistance Demonstration (RAD)** allows public housing agencies (PHAs) and owners of HUD-assisted properties to convert units to project-based Section 8 programs, providing an opportunity to invest billions into properties at risk of being lost from the nation's affordable housing inventory. RAD 1st component transactions cover Public Housing units as well as Section 8 Moderate Rehabilitation projects. Units that fall under this component are subject to a unit cap and are limited to current funding. RAD 2nd component transactions cover Rent Supplement (Rent Supp), Rental Assistance Payments (RAP), and Section 8 Moderate Rehabilitation projects. Unlike 1st component transactions, 2nd component transactions are not subject to the cap, but are constrained by the availability of tenant protection vouchers (TPVs). Both components allow housing programs to convert their assistance to long-term, project-based Section 8 contracts, providing a more stable source of funding.

The 1.2 million units in the Public Housing program have a documented capital needs backlog of nearly \$26 billion. As a result, the public housing inventory has been losing an average of 10,000 units annually through demolitions and dispositions. Meanwhile, the 38,000 units assisted under HUD's legacy programs are ineligible to renew their contracts on terms that favor modernization and long-term preservation. The current conditions of many of these properties inhibit investment and recapitalization efforts in the communities with the most need. By drawing on an established industry of lenders, owners, and stakeholders, RAD allows PHAs and owners of HUD-assisted housing to preserve and improve affordable housing units that could be subject to vouchers and demolition. RAD creates greater funding certainty while allowing increased operational flexibility to empower PHAs and owners to serve their communities.

As a result of the FY2015 appropriations bill, the Department has the statutory authority to convert up to 185,000 units through RAD's first component, representing a significant increase from the program's initial 60,000 unit cap. The additional authority will widen program participation, enabling more PHAs and HUD-assisted property owners to ensure access to quality, affordable housing for our nation's low-income families.

## April Closings Spotlight

### Willingham Village, Phase 1, Northwest Georgia PHA

Willingham Village, Phase 1, was built in 1972 and is located in Rome, Georgia. The property consists of single story, single-family, duplex, and quad structures, ranging from one to five bedrooms. The Willingham Village complex has a total of 172 units. Phase I has 96 units. The RAD Contracts Rents average \$546/unit. The PHA received 9% tax credits to renovate the project, with construction costs of \$109,000/unit.

Phase 1 will consist of a gut rehab of all units, allowing for new windows and systems but also a more open floor plan. One 4-bedroom unit will also be converted into a community building with computer room, arts and crafts room, meeting area and laundry facilities. *(The picture below shows the planned exterior improvements, based on a "model" completed prior to conversion with Capital Funds.)*

"RAD will make a tremendous difference in the types of public housing units that are being rented to NWGHA's residents, and in the time required to renovate the apartments. Prior to RAD (with limited capital funds), it would have taken NWGHA approximately 20 years to complete the renovations," said Executive Director Sandra Hudson. "The residents are very appreciative. We look forward to working with our co-developer, Vantage Development, as we renovate the units in Phase I and as we begin the process of applying for funds for Phase II."



### Housing Authority of the City of El Paso (HACEP) – Kennedy Brothers Memorial Apartments and Kennedy Estates

Kennedy Apartments/Estates is one of thirteen projects, totaling 1,591 units, that HACEP closed in April as part of its first tranche of RAD conversions. Overall, the PHA is planning to convert its entire public housing inventory of approximately 6,000 units to RAD. This first group of conversions includes are utilizing 4% low-income housing tax credits and tax-exempt bond financing. Average RAD Contract Rents are \$693/unit.

The Kennedy project is composed of two adjacent properties that contain a total of 364 units — Kennedy Brothers Memorial Apartments and Kennedy Estates. Kennedy Brothers Memorial Apartments was constructed in 1973, and consists of 52 garden-style structures ranging from 1 to 5 bedrooms. Kennedy Estates was constructed in 2001 and is comprised of 124 single-family, 3 and 4 bedroom units.

### Housing Authority of the City of El Paso continued....

Renovations will be in excess of \$64,000 per unit. Planned improvements include new kitchens and bathrooms, energy efficiency and building envelope measures, and HVAC upgrades. In addition, Kennedy Brothers will have a pedestrian bridge across a flood channel to link it to Kennedy Estates, so that residents in both sites can enjoy the shared amenities.

"HACEP is pleased to have participated in the single largest RAD closing. This was a true public private partnership which involved mixed financing, including but not limited to, Bonds, 4% tax credits, Freddie Mac TEL Program and other HACEP resources generating \$240 million for EL Paso's Affordable Housing" said **Satish Bhaskar**, HACEP's Chief Financial Officer.



## RAD Stats Through 4/30/15

### RADOMETER

*Total construction activity leveraged (closed projects, 1st component)*

**\$942,947,355**



### RAD 1st Component

	Units	Projects
Statutory Cap	185,000	N/A
Active CHAPs	96,401	801
Multiphase/Portfolio Reservations	39,757	291
Closed Conversions	17,013	159
Applications Under Review	27,984	260
<b>Total Reserved Authority</b>	<b>181,155</b>	<b>1,511</b>
Authority Remaining*	3,845	N/A

\* Excludes applications rejected and CHAPs revoked or withdrawn.

### RAD 2nd Component

	Units	Projects
Active Conversions	3,221	25
Closed Conversions	15,295	114

For more information about RAD please visit our [website](#) and [resource desk](#). For specific questions please contact the RAD team at [RAD@hud.gov](mailto:RAD@hud.gov).

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